

Mike Franks, Coordinated Plan Steering Committee member

THE MISSOURI STUDENT OPPORTUNITY TRUST

I suggest that the State of Missouri establish a trust account to provide tuition assistance to students with the greatest financial need. The criteria should be established by a governing board of directors. This would allow for the criteria to change over time and reflect the resources available. However, the primary criteria must always center around financial need.

I suggest a three-tier initial funding scheme:

- 1) State of Missouri Investment: The Missouri Legislature would agree to provide initial funding of \$50 million/year for five years. This would provide the quick start dollars to insure a rapid ramp up of capability.
- 2) Tobacco Tax: Missouri has the lowest tobacco tax in the nation. I would suggest that the Missouri Legislature levy additional tobacco taxation to enable Missouri's tax to equal the taxation rate of 75% of the highest rate in the nation. This new tax revenue would go exclusively to the Opportunity Trust. As tobacco usage falls, the proceeds of this tax will dwindle. However, it will still provide a substantial amount to the trust.
- 3) Education Opportunity Check-off: The Missouri Legislature should enact provisions which would allow taxpayers to check off that up to \$50 to be assigned to the trust, or up to \$100 of their refund.

As the proposed system is a trust, the tuition relief will come from the earned income of the trust. The principal will remain intact. This "endowment" system will insure the longevity of the trust.

There are, of course, many potential sources of funding. However, the most important aspect of the "trust" is that it will operate as an endowment. The tuition assistance will come from the income, not the principal. This will assist generations of Missourians.

The key point of my suggestion is that Missouri establish an endowment system for tuition assistance based upon financial need.